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MEMBERS OF THE LEGISLATIVE ASSEMBLY PENSION PLAN

ANNUAL REPORT

for the fiscal year ended March 31, 1993

Alberta
TREASURY

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta Canada T5K 2B6 403/427-8809

The Speaker of the Assembly

Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1993.

Yours sincerely,

Jim Dinning
Provincial Treasurer

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Introduction

The Members of the Legislative Assembly Pension Plan was established May 7, 1969. It was amended effective January 1, 1992 in response to changes to the federal Income Tax Act.

Subsequent to the period covered by this report, the Members of the Legislative Assembly Pension Plan Amendment Act, 1993 was passed. Under the provisions of this amendment, no pensionable service could be accrued by members elected after March 19, 1989. In addition, annual benefits payable for service accrued between March 19, 1989 and June 15, 1993, was reduced from 4 percent to 3 percent of average pensionable earnings. No service of any kind can be earned under the Members of the Legislative Assembly Pension Plan after June 15, 1993.

Plan Overview

As explained in the Introduction section, the Members of the Legislative Assembly Pension Plan has been closed to MLAs. Members who were elected on March 20, 1989 or later were not entitled to accrue benefits, and any contributions made by them were refunded. In addition, members who did not, at June 15, 1993, have enough service to be entitled to a pension benefit could not have that service recognized and were also given a refund of contributions.

The following paragraphs in this Plan Overview section are applicable only to the period prior to plan closure.

Participation in the Members of the Legislative Assembly Pension Plan was voluntary and MLAs could elect to participate at any time while holding office. It was a contributory defined benefit plan, divided into two sections to reflect requirements under the Income Tax Act. Until July 31, 1992, MLAs contributed at a rate of 7.5 percent of the allowance paid with respect to each office held. The contribution rate was increased to 10 percent from August 1, 1992. The employer made a matching contribution. One percentage point of both the MLAs' contributions and those of the employer was set aside towards meeting the plan's unfunded liability.

Those members who retired with at least five years of pensionable service in the office of MLA were entitled to a pension. Those members who retired from an office other than MLA with at least one year in that office and at least five years as an MLA were entitled to a pension in respect of that other office. Pension benefits were based on 4 percent of the highest average pensionable allowances for three consecutive years, times the number of years of pensionable service in an office. Subsequent to the period covered by this report, retroactive revisions to the plan reduced member pension benefits to 3 percent on service accrued after March 19, 1989, and required the member to terminate from all offices to be eligible to receive pension benefits.

If the member had an eligible spouse, unless a waiver was signed by that spouse, the pension paid had to be in the normal form of pension. The normal form of a pension was payable for the life of the member with a 75 percent spousal survivor benefit. Single members could elect a single life pension, or a life pension with a five, 10, or 15

Plan Overview (Cont'd)

year guarantee period. They could also elect a joint life pension based on their life and that of a nominee.

Members could retire at any time, if they had accumulated five years of pensionable service. If retirement took place after age 55, or if age plus pensionable service equaled 55 years or greater, no actuarial reduction was applied to the benefit. The plan also made provision for those members who died prior to retirement and had accumulated at least five years of pensionable service. In such cases, the surviving spouse was entitled to either a spousal pension or a lump sum benefit. The spousal pension was equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse had to accept a lump sum benefit.

The Members of the Legislative Assembly Pension Plan was administered by the Payroll and Pensions Division of Alberta Treasury. Pension Plan administration costs are borne by the General Revenue Fund of the Province of Alberta.

Actuarial Liabilities

An independent actuarial valuation carried out at December 31, 1991, estimated the accrued liability of the Members of the Legislative Assembly Pension Plan to be $55,288,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 45.5 percent.

Participation

At March 31, 1993, there were a total of 86 individuals participating in the MLA Pension Plan, seven of whom were terminated members who had either not made a choice regarding their plan status or were awaiting a deferred pension. Of the 86 participants, 27 were also participating in respect of their Executive Council office, and seven were participating as Speaker, Deputy Speaker, and Leaders of Opposition parties.

Contributions

The schedule below summarizes the member and government contributions for the year ended March 31, 1993.

As explained in the Plan Overview section, member contributions in respect of members who were elected for the first time on March 20, 1989 or who were not vested by June 15, 1993, were returned to members subsequent to the date of this report.

	Participants At March 31, 1993	Contributions Received		
		Member $	Government $	Total $
Members of the Legislative Assembly	86	468,502	453,498	922,000
Members of the Executive Council	27	98,745	98,145	196,890
Speaker, Deputy Speaker and Leaders of the Opposition and Recognized Opposition Parties	7	13,284	13,284	26,568
		580,531	564,927	1,145,458

Note (1): Contributors as Members of the Executive Council, Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties, are also contributors under the Members of the Legislative Assembly Pension Plan.

Refunds

No refunds were issued during the year to participants upon termination.

Two Refunds of Excess Contributions totalling $617 were made to members and employers.

Death in Service Benefits

In the current year, no members died while in service.

Information and Counselling Services

Considerable work took place during the year in updating pension plan documentation to reflect changes to the pension plan resulting from federal income tax amendments and plan design changes.

Annual statements containing information on pensionable service, contributions, and prior service were produced and forwarded to the Offices of the Legislative Assembly and Executive Council for distribution to members in the plan.

Pension Benefits

During the year ended March 31, 1993, pension benefits paid totalled $2,594,081; an increase of $112,022 (4.5 percent) from the previous year.

A total of eleven pensions were granted in the categories shown in the table below.

	1993		1992
Normal	1	(1)	-
Early Reduced	10	(7)	-
	11	(8)	-

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Of the above retirements, one of the early retirements was in respect of a deferred retirement from previous years.

Pension options selected by members were as follows:

	At April 1, 1992	New Retire-ments	Benefi-ciaries	Deaths	At March 31, 1993
Member Pensions					
Normal (life with 75 percent survivor pension)	137	11	5	(7)	146
Single Life	1				1
Guaranteed 10 years	2			(1)	1
Guaranteed 15 years	1				1
Guaranteed 20 years	18			(2)	16
Joint Life non-reduced	6		1	(1)	6
Joint Life reduced one third	3				3
Joint Life reduced one half	1				1
Spousal Pensions					
Single Life	2				2
Guaranteed 5 years	2				2
Guaranteed 10 years	-				-
Guaranteed 15 years	1				1
Guaranteed 20 years	-				-
Total Pensions	174	11	6	(11)	180
Pensions Co-ordinated with CPP and/or OAS	54	8		(3)	59

The schedule below categorizes the pensions in effect at March 31, 1993, by dollar value of monthly pension:

Dollar Value Per Month $	Member Pensions	Spousal Pensions	Total
1 to 499	28	1	29
500 to 999	49	1	50
1,000 to 1,499	46	1	47
1,500 to 1,999	23	2	25
2,000 and over	29	-	29
	175	5	180

Effective January 1, 1993, a cost of living adjustment of 1.28 percent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to thos retiring during the calendar year 1992.

Statement of Receipts and Payments
Year Ended March 31, 1993

		1993 $	1992 $
RECEIPTS			
Member contributions		539,521	542,390
Government contributions		523,917	491,783
Additional contributions -	Member	41,010	-
	Employer	41,010	-
	Government	41,010	-
Total Receipts		1,186,468	1,034,173
PAYMENTS			
Benefits			
Pensions to retired members		2,528,982	2,395,589
Pensions to surviving spouses		65,099	63,334
Lump sums to beneficiaries of deceased members		-	23,136
		2,594,081	2,482,059
Withdrawals			
Refunds of excess contributions		617	-
		617	-
Total Payments		2,594,698	2,482,059
Excess of Payments over Receipts		1,408,230	1,447,886

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years.

(000s)

Fiscal Year	RECEIPTS				PAYMENTS			Excess of Payments Over Receipts
	Member	Government	Additional Contributions	Total	Benefits	Withdrawals	Total	
	$	$	$	$	$	$	$	$
1992/93	540	524	123	1,187	2,594	1	2,595	1,408
1991/92	542	492	-	1,034	2,482	-	2,482	1,448
1990/91	511	484	-	995	2,534	-	2,534	1,539
1989/90	539	496	-	1,035	2,508	47	2,555	1,520
1988/89	394	377	-	771	1,981	-	1,981	1,210

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